



Fact Sheet: MCC Togo Threshold Program

At its quarterly meeting on April 3, 2018, the Millennium Challenge Corporation (MCC) Board of Directors approved a [\\$35 million threshold program with the Togolese Republic](#), though the Board directed MCC to continue to closely monitor citizens' rights to freedom of expression and association, and due process in light of recent events in Togo.

What is the Millennium Challenge Corporation (MCC)?

MCC is an independent U.S. Government agency created in 2004 with an innovative and tested approach to fighting global poverty through economic growth. MCC provides time-limited grants promoting economic growth, reducing poverty, and strengthening institutions. MCC investments tackle some of the most pressing challenges that hold countries back from economic growth and progress, and focus on creating the conditions for the private sector to invest in partner countries.

What is an MCC threshold program?

MCC has two types of grant programs: compacts and threshold programs. The Threshold Program is MCC's smaller grant program for countries that may not meet the agency's strict eligibility criteria, but allows the agency to engage with countries on policy and institutional reforms that support growth, private sector investment, and good governance. Compacts are large, five-year grants for countries that meet MCC's rigorous eligibility criteria.

Why did MCC's Board of Directors approve the program now?

The MCC Board of Directors, in approving the Togo Threshold Program, directed MCC to continue to extensively monitor events in Togo with a focus on citizens' rights to freedom of expression and association, and due process. MCC expects all of its country partners to remain committed to democratic governance, which includes guarantees of freedom of expression, the rule of law, and open political participation for all.

The Board also considered the distinct role of the threshold program, which is to leverage MCC's eligibility criteria to incentivize and support reforms that would empower citizens and encourage Togo on its path to a more open and democratic society that supports private-sector led growth and poverty reduction.

After extensive engagement by the international community, including MCC, the Government of Togo has taken actions to address certain concerns over its protection of civil liberties. Since the enactment of these measures, protests have continued to be held peacefully. In addition, a regionally mediated national dialogue between the opposition and government is now underway.

Can the Togo Threshold Program be suspended or terminated?

MCC reserves the right to modify, suspend, or terminate a threshold program at any time if a government violates the program agreement or shows any decline in its commitment to good governance. The Togo Threshold Program includes conditions to disbursements that would allow MCC to withhold funding if reform objectives are not met. MCC expects all of its country partners to remain committed to democratic governance, which includes guarantees of freedom of expression, the rule of law, and open political participation for all.

What would the Togo threshold program do?

The threshold program would provide up to \$35 million of assistance to support policy and institutional reforms in two areas that analysis and stakeholder consultations have identified as binding constraints to economic growth in Togo: information and communication technology (ICT) and land tenure. The program is designed to improve access to high quality and affordable ICT services for Togolese citizens by encouraging private sector investments in the ICT sector and developing an independent regulatory regime. The program also seeks to expand citizens' access to formalized land through the recognition and protection of legitimate land rights.

What specifically will each project do?

The \$20.5 million ICT project will support efforts to increase competition, establish independent regulation, and expand access to ICT services for Togolese across the country. The ICT project aims to establish: (i) a more effective and independent regulator to ensure a level playing field for all operators, (ii) a Universal Service Fund to ensure Internet and mobile services reach remote and poorer parts of the country, (iii) increased competition and private sector participation, with the goal of introducing new private wholesale and retail licensees in the market; and (iv) a national policy to increase ICT utilization by all Togolese, especially by disadvantaged groups, women, small businesses, and entrepreneurs.

The \$8 million land project aims to strengthen the legal framework in Togo so that Togolese citizens can formalize and legitimize their land rights. The new framework will provide greater opportunities for Togolese farmers and women to have rights to their land so they can invest in higher value crops. Specifically, the project will support the establishment of the regulatory framework to implement a new Land Code, once approved. The project will also field-test cost effective methodologies in 5 sites throughout the country, for the government to roll out nationwide.

How will the Togo threshold program be implemented and how will funds be disbursed?

The threshold program will be implemented by an “accountable entity” established solely for the purpose of implementing the program. The accountable entity will consist of a small team of professionals openly and competitively recruited to manage the program with close MCC oversight and guidance.

Aside from a small percentage of funds reserved to manage program implementation, all payments using threshold program funds are kept at the U.S. Treasury until they are approved for direct deposit into the bank accounts of independent contractors selected competitively to carry out program activities. Third-party fiscal and procurement agents ensure that the accountable entity maintains international standards in both financial management and procurement of services and goods.